

Consolidated Financial Results for the Three Months Ended June 30, 2024 [Japanese GAAP]



August 8, 2024

Company name: Toshiba Tec Corporation

Stock exchange listing: Tokyo

Code number: 6588

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Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

President and CEO

General Manager of Corporate Communications Division

(Amounts of less than one million yen are rounded down)

I. Consolidated Financial Results for the Three Months Ended June 30, 2024 (April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2024	140,169	14.5	4,276	232.2	4,620	-	3,442	-
June 30, 2023	122,374	12.0	1,287	532.3	406	-	38	-

(Note) Comprehensive income: Three months ended June 30, 2024: ¥ 4,189 million [59.1 %]
Three months ended June 30, 2023: ¥ 2,632 million [78.3 %]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	65.03	65.03
June 30, 2023	0.70	0.70

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2024	349,726	97,994	25.9
March 31, 2024	337,509	96,236	26.1

(Reference) Equity: As of June 30, 2024: ¥ 90,577 million
As of March 31, 2024: ¥ 88,060 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	20.00	-	25.00	45.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		20.00	-	25.00	45.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	565,000	3.1	18,000	13.5	15,000	36.3	20,000	-	377.86

(Note) Revision to the financial results forecast announced most recently: Yes

*Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2024 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name:)
Exclusion: - (Company name:)

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Notes (3) Notes to the quarterly consolidated financial statements (Accounting policies adopted specially for the preparation of quarterly consolidated financial statements)” on page 9 of this report.

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

- 1) Changes in accounting policies due to the revision of accounting standards: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Notes (3) Notes to the quarterly consolidated financial statements (Changes in accounting policies)” on page 9 of this report.

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2024: 57,629,140 shares
March 31, 2024: 57,629,140 shares

2) Total number of treasury shares at the end of the period:

June 30, 2024: 4,699,113 shares
March 31, 2024: 4,700,044 shares

3) Average number of shares during the period:

Three months ended June 30, 2024: 52,930,318 shares
Three months ended June 30, 2023: 55,348,889 shares

- Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

- Proper use of earnings forecasts, and other special matters

(Explanation for the proper use of earnings forecasts)

Financial results forecasts are based on information currently available to the Company and certain assumptions deemed reasonable and are not intended to be the Company’s guarantee that they will be achieved. Actual results may significantly vary due to a variety of factors. For the assumptions used as the basis for the earnings forecasts and precautions regarding the use of the earnings forecasts, please refer to “1. Summary of consolidated business results, etc. (3) Consolidated financial results forecast and other forward-looking information” on page 4 of this report.

Table of Contents of Attachments

1. Summary of consolidated business results, etc.	
(1) Summary of consolidated business results etc. for the three months ended June 30, 2024 under review	2
(2) Summary of consolidated financial condition etc. for the three months ended June 30, 2024 under review	3
(3) Consolidated financial results forecast and other forward-looking information	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statement of Income and Comprehensive Income	7
Quarterly Consolidated Statement of Income (For the three months)	7
Quarterly Consolidated Statement of Comprehensive Income (For the three months)	8
(3) Notes to the quarterly consolidated financial statements	9
Changes in accounting policies	9
Accounting policies adopted specially for the preparation of quarterly consolidated financial statements	9
Notes to segment information	10
Notes in the event of significant amount changes in shareholders' equity	10
Notes on going concern assumption	10
Notes to statements of cash flows	10

1. Summary of consolidated business results, etc.

(1) Summary of consolidated business results etc. for the three months ended June 30, 2024 under review

The world economy for the three months ended June 30, 2024 picked up moderately overall. However, the outlook still remained uncertain due mainly to ongoing monetary tightening overseas, price rises, and the heightened geopolitical risks.

Amid such conditions, Toshiba Tec Corporation (the “Company”) and its subsidiaries (collectively, the “Group”) have been pursuing the Basic Policy of the FY24-26 Mid-term Business Plan, “To become a global top solutions partner by generating new value through co-creation with the aim of contributing to the resolution of social issues.” Under the basic policy, the Group has striven to strengthen the profitability of core businesses, expand new business areas, transform management, enhance human resources, and promote sustainability, etc. toward sustainable growth. In this way, the Group has strived to contribute to the resolution of social issues with the aim of becoming a global top solutions partner.

In the three months ended June 30, 2024, net sales were ¥140,169 million (up 15% year on year) due mainly to increased sales of POS systems for the domestic market and multifunction peripherals (MFPs), and the impact of foreign exchange rates. On the profit front, profitability of MFPs increased significantly and the improvement in profit and loss of POS systems for the domestic market, resulting in operating profit of ¥4,276 million (up 232% year on year), ordinary profit of ¥4,620 million (up ¥4,214 million year on year), and profit attributable to owners of parent of ¥3,442 million (up ¥3,404 million year on year).

Results of reportable segments for the three months ended June 30, 2024 were as follows.

Retail Solutions Business Group

The Retail Solutions Business Group handles POS systems for domestic and overseas markets, auto ID systems for domestic market, and related products. Amid a severe business environment in which intensifying competition with peers continues, the business group has worked on expanding its customer base etc. for the expansion of new business areas in addition to expanding its solution business through the global retail platform “ELERA” and strategic partnership, boosting recurring revenue business and maintenance services (BPO) covering not only our equipment but also IT equipment of other companies.

Sales of POS systems for the domestic market increased due to efforts to expand sales mainly of self-checkout systems, payment terminals, and smart receipts, as well as revisions of product sales prices and maintenance service prices, and special demand related to the redesigned banknotes, despite continued harsh conditions reflecting soaring raw material prices, rising prices, and other factors.

Sales of POS systems for overseas markets increased mainly in the Americas due to the impact of foreign exchange rates, but excluding the impact of foreign exchange rates, sales remained at the same level as the same period of the previous fiscal year.

Sales of auto ID systems for the domestic market decreased, due to a decline in sales of high-end model, although strong sales of portable printers and entry models mainly to specific customers.

As a result, net sales of the Retail Solutions Business Group were ¥78,562 million (up 14% year on year). On the other hand, operating loss of the business group was ¥94 million (operating loss of ¥828 million in the same period of the previous fiscal year), reflecting the fact that the loss of POS systems for overseas markets remained in the red, although POS systems for the domestic market improved due to the increase in net sales and other factors despite the negative impact of foreign exchange rates.

Workplace Solutions Business Group

The Workplace Solutions Business Group handles multifunction peripherals (MFPs) for domestic and overseas markets, auto ID systems for overseas markets, inkjet heads for domestic and overseas markets, and related products. Amid a severe business environment in which the declining printing volume due to work style reforms and office DX promotion and intensifying competition with peers continue, the business group focused on strengthening the profitability of core businesses and worked on developing the MFP solutions business, the auto ID solutions business, and customer support business.

Sales of MFPs increased due to the impact of foreign exchange rates in addition to strong sales in all regions, reflecting a recovery from product supply disruptions.

Sales of auto ID systems for overseas markets increased as a result of increased sales in all regions and the impact of foreign exchange rates.

Sales of inkjet heads increased due mainly to increased sales to domestic and overseas customers.

As a result, net sales in the Workplace Solutions Business Group were ¥62,880 million (up 15% year on year). Operating profit for the business group soared to ¥4,371 million (up 107% year on year) due to the increase in net sales resulting from recovery from product supply disruptions, the increased selling prices and other factors and effects of structural reform and structural transformation implemented so far, etc.

Furthermore, the Company transferred the Group's business of the development and manufacturing of MFPs and auto ID systems to ETRIA CO., LTD., the joint venture between the Company and Ricoh Company, Ltd., effective from July 1, 2024.

Moreover, the Company transferred all of the Group's business of the inkjet head to RISO Technologies Corporation, a wholly-owned subsidiary of RISO KAGAKU CORPORATION, effective from July 1, 2024.

(Note) An auto ID system is a system that uses hardware and software devices to recognize and manage data content by automatically scanning barcode and RFID tag data.

(2) Summary of consolidated financial condition etc. for the three months ended June 30, 2024 under review

Assets at the end of the first quarter of the fiscal year ending March 31, 2025 increased by ¥12,217 million from the end of the previous fiscal year to ¥349,726 million. This was mainly because merchandise and finished goods in current assets increased by ¥9,479 million, and property, plant and equipment in non-current assets increased by ¥3,911 million, and "Other" in investments and other assets increased by ¥2,686 million, although cash and deposits, and notes and accounts receivable - trade, and contract assets in current assets declined by ¥3,493 million and ¥1,846 million, respectively.

Liabilities increased by ¥10,460 million from the end of the previous fiscal year to ¥251,732 million. This was mainly because notes and accounts payable - trade and "Other" in current liabilities and "Other" in non-current liabilities increased by ¥2,899 million, ¥4,110 million, and ¥2,773 million, respectively.

Net assets increased by ¥1,757 million from the end of the previous fiscal year to ¥97,994 million. This was primarily due to an increase in retained earnings owing to the recording of profit attributable to owners of parent of ¥3,442 million, although a decrease in retained earnings owing to the payment of dividends of ¥1,323 million.

(3) Consolidated financial results forecast and other forward-looking information

The Company revised its consolidated financial results forecast for the fiscal year ending March 31, 2025 announced on May 10, 2024 as follows.

Revision to consolidated financial results forecasts for the fiscal year ending March 31, 2025

(Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share (Yen)
Previously announced forecast (A)	550,000	18,000	15,000	20,000	377.86
Revised forecast (B)	565,000	18,000	15,000	20,000	377.86
Change (B)–(A)	15,000	–	–	–	–
Change (%)	2.7	–	–	–	–
Reference: results of the previous fiscal year (ended March 31, 2024)	548,135	15,854	11,004	(6,707)	(123.92)

Revision to consolidated sales forecasts by segment for the fiscal year ending March 31, 2025

(Million yen)

	Previously announced forecast (A)	Revised forecast (B)	Change (B) – (A)	Change (%)	Reference: results of the previous fiscal year (ended March 31, 2024)
Retail Solutions	318,000	323,000	5,000	1.6	311,004
Workplace Solutions	235,000	246,000	11,000	4.7	241,631
Eliminations	(3,000)	(4,000)	(1,000)	–	(4,500)
Net sales	550,000	565,000	15,000	2.7	548,135

Consolidated operating profit forecasts by segment for the fiscal year ending March 31, 2025

(Million yen)

	Previously announced forecast (A)	Revised forecast (B)	Change (B) – (A)	Change (%)	Reference: results of the previous fiscal year (ended March 31, 2024)
Retail Solutions	8,000	8,000	–	–	2,251
Workplace Solutions	10,000	10,000	–	–	13,602
Operating profit	18,000	18,000	–	–	15,854

Net sales of the Retail Solutions Business Group and Workplace Solutions Business Group have been revised upward due mainly to the impact of exchange rate. Operating profit, ordinary profit, and profit attributable to owners of parent remain unchanged from the previously announced forecast. Based on these factors, we have revised our consolidated financial results forecasts for the fiscal year ending March 31, 2025 as stated above.

The reference exchange rates used in the consolidated financial results forecast for the fiscal year ending March 31, 2025 are ¥152.20 to the US dollar and ¥162.81 to the euro.

*Financial results forecasts are based on information currently available to the Company and certain assumptions deemed reasonable, and are not intended to be the Company's guarantee that they will be achieved. Actual results may significantly vary due to a variety of factors.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	48,592	45,099
Notes and accounts receivable - trade, and contract assets	86,520	84,674
Merchandise and finished goods	43,206	52,685
Work in process	2,749	2,791
Raw materials and supplies	12,734	13,439
Other	31,227	32,117
Allowance for doubtful accounts	(1,458)	(1,520)
Total current assets	223,572	229,286
Non-current assets		
Property, plant and equipment	48,239	52,150
Intangible assets		
Goodwill	357	351
Other	11,212	11,117
Total intangible assets	11,569	11,469
Investments and other assets		
Other	54,535	57,221
Allowance for doubtful accounts	(408)	(401)
Total investments and other assets	54,126	56,820
Total non-current assets	113,936	120,440
Total assets	337,509	349,726

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	65,845	68,744
Short-term borrowings	2,871	3,130
Current portion of long-term borrowings	3,696	3,696
Income taxes payable	5,245	5,204
Other	98,147	102,257
Total current liabilities	175,807	183,033
Non-current liabilities		
Long-term borrowings	11,533	11,901
Retirement benefit liability	28,037	28,130
Other	25,894	28,667
Total non-current liabilities	65,465	68,698
Total liabilities	241,272	251,732
Net assets		
Shareholders' equity		
Share capital	39,970	39,970
Capital surplus	950	486
Retained earnings	31,145	33,264
Treasury shares	(13,382)	(13,380)
Total shareholders' equity	58,683	60,341
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,013	365
Deferred gains or losses on hedges	46	(109)
Foreign currency translation adjustment	23,330	25,123
Minimum pension liability adjustments	(320)	(312)
Remeasurements of defined benefit plans	5,307	5,169
Total accumulated other comprehensive income	29,376	30,236
Share acquisition rights	19	14
Non-controlling interests	8,156	7,401
Total net assets	96,236	97,994
Total liabilities and net assets	337,509	349,726

(2) Quarterly Consolidated Statement of Income and Comprehensive Income

Quarterly Consolidated Statement of Income (For the three months)

(Million yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	122,374	140,169
Cost of sales	73,109	82,850
Gross profit	49,264	57,319
Selling, general and administrative expenses	47,977	53,042
Operating profit	1,287	4,276
Non-operating income		
Interest income	92	97
Dividend income	59	62
Foreign exchange gains	891	903
Other	121	278
Total non-operating income	1,164	1,341
Non-operating expenses		
Interest expenses	134	209
Loss on valuation of derivatives	1,172	305
Other	737	483
Total non-operating expenses	2,044	997
Ordinary profit	406	4,620
Extraordinary income		
Gain on sale of investment securities	6	257
Total extraordinary income	6	257
Extraordinary losses		
Loss on sale of investment securities	-	3
Loss on valuation of investment securities	-	1
Restructuring cost	158	144
Total extraordinary losses	158	149
Profit before income taxes	254	4,728
Income taxes	135	1,569
Profit	119	3,158
Profit (loss) attributable to non-controlling interests	80	(284)
Profit attributable to owners of parent	38	3,442

Quarterly Consolidated Statement of Comprehensive Income (For the three months)

(Million yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Profit	119	3,158
Other comprehensive income		
Valuation difference on available-for-sale securities	(103)	(647)
Deferred gains or losses on hedges	34	(156)
Foreign currency translation adjustment	2,676	1,964
Minimum pension liability adjustment	47	8
Remeasurements of defined benefit plans, net of tax	(143)	(138)
Total other comprehensive income	2,512	1,030
Comprehensive income	2,632	4,189
Comprehensive income attributable to		
Owners of parent	2,247	4,302
Non-controlling interests	384	(113)

(3) Notes to the quarterly consolidated financial statements

Changes in accounting policies

Application of Accounting Standard for Current Income Taxes

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (“ASBJ”) Standard No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) from the beginning of the first quarter ended June 30, 2024.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No.28, October 28, 2022; hereinafter referred to as the “Revised Implementation Guidance 2022”). Additionally, this change in accounting policies has no impact on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first quarter ended June 30, 2024. This change in accounting policies was applied retrospectively. Hence, the quarterly consolidated financial statements for the same quarter of the prior fiscal year and the consolidated financial statements for the prior fiscal year have been modified retrospectively. Additionally, this change in accounting policies has no impact on the quarterly consolidated financial statements for the same quarter of the prior fiscal year and the consolidated financial statements for the prior fiscal year.

Accounting policies adopted specially for the preparation of quarterly consolidated financial statements

Calculation of tax expenses

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of tax effect accounting for profit before income taxes for the consolidated fiscal year ending March 31, 2025 including the first quarter under review and multiplying profit before income taxes by the estimated effective tax rate.

Provided, however, that if calculation using the estimated effective tax rate turns out to be significantly unreasonable, calculations are made pursuant to Paragraph 15 (Method of using the statutory effective tax rate) of the Implementation Guidance on Tax Effect Accounting for Interim Financial Statements (Accounting Standards Board of Japan (ASBJ) Guidance No. 29, February 16, 2018), according to the provisions of Paragraph 19 of the Implementation Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14, March 31, 2020).

Income taxes - deferred are included in income taxes.

Notes to segment information

I Three months ended June 30, 2023

Amounts of net sales, profit or loss by reportable segment

(Million yen)

	Reportable segments			Adjustment	Consolidated amount (Note)
	Retail Solutions	Workplace Solutions	Total		
Net sales					
Sales to external customers	69,068	53,305	122,374	–	122,374
Intersegment sales and transfers	55	1,170	1,225	(1,225)	–
Total	69,124	54,475	123,600	(1,225)	122,374
Segment profit (loss)	(828)	2,115	1,287	–	1,287

(Note) Segment profit (loss) corresponds with operating profit in the quarterly consolidated statement of income.

II Three months ended June 30, 2024

Amounts of net sales, profit or loss by reportable segment

(Million yen)

	Reportable segments			Adjustment	Consolidated amount (Note)
	Retail Solutions	Workplace Solutions	Total		
Net sales					
Sales to external customers	78,538	61,630	140,169	–	140,169
Intersegment sales and transfers	23	1,249	1,273	(1,273)	–
Total	78,562	62,880	141,443	(1,273)	140,169
Segment profit (loss)	(94)	4,371	4,276	–	4,276

(Note) Segment profit (loss) corresponds with operating profit in the quarterly consolidated statement of income.

*Supplementary information

	Three months ended June 30, 2023	Three months ended June 30, 2024
Average exchange rate (Yen to the US dollar)	135.79	155.04
Average exchange rate (Yen to the euro)	147.93	167.06

Notes in the event of significant amount changes in shareholders' equity

Not applicable

Notes on going concern assumption

Not applicable

Notes to statements of cash flows

Quarterly consolidated statements of cash flows are not prepared for the three months ended June 30, 2024. "Depreciation" (including amortization of intangible assets other than goodwill) and "Amortization of goodwill" for the three months ended June 30, 2024 are as follows:

(Million yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation	3,900	4,316
Amortization of goodwill	67	60